

D1.46/6:20/9

D1.46/6:20/9

JUL 16 1984

VOL. 20 NO. 9
SEPTEMBER 1984

The Bulletin

Defense Contract Audit Agency/Cameron Station, Alexandria, VA 22314

Merit pay cash awards program

*By Roger Kriesch
Personnel Management Specialist
Headquarters*

The awards section of the DCAA Bulletin will shortly, as it does every year, reflect the names of GM employees who received cash awards for their performance contributions during the 1984 management year. Even before the lists appear in the Bulletin, the grapevine will be busy with rumors of who will or will not be getting cash awards and how big the awards will be. To the casual reader it would appear that GM employees receive more awards than the GS work force. This article explains the merit pay cash awards program and the reason it seems more awards go to GM employees.

Some years ago, as now, the President (then President Carter), the Congress and the Feds (career Federal employees) were engaged in debates and proposed ways how to improve work performance in the Federal work force. The result was a new direction toward reward for performance in the form of the Civil Service Reform Act of 1978. This law created the "merit pay" class of Federal employees, i.e., managers, supervisors and policy makers. The occupational series designator was identified as "GM" rather than "GS". For example, DCAA auditors who are in series 511 are either GM or GS. GM employees were placed in a new system called the merit pay system which is used to determine their salary.

Essentially, the performance of a GM employee determines his/her pay based upon the manager's review of the employee's performance. GM employees are not eligible to receive Within Grade (WGI) or Quality Step (QSI) Increases. In addition, one half of

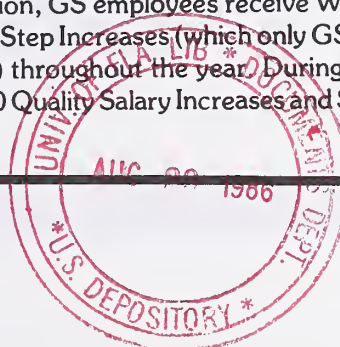
the annual Federal employees' pay comparability increase, if any, is withheld from GM employees. The value of WGIs, QSIs and the 50 percent comparability goes into a pool. Each GM's performance appraisal score in DCAA determines what percent of this pool of money goes to each employee to become the new salary level.

However, the law also provides for the use of cash awards as an incentive tool to motivate employees to increase performance. The performance review and designation of cash awards is a part of the annual merit pay determination process. Cash awards in DCAA can be given to employees who receive performance scores of 210 (superior) or above. The total number of such awards are also restricted to approximately 30 percent of those eligible. The amounts range from \$1,000 to \$5,000.

Because the merit pay determination process normally occurs in October of each year, the mass processing of cash awards at that time may lead to the impression that the DCAA cash awards program is used primarily to reward supervisors and managers. Rather it is part of a pay determination process for GM employees as well as a performance motivator.

The GS work force receives cash awards based on supervisors' recommendations throughout the year. In addition, GS employees receive Within Grade and Quality Step Increases (which only GS employees can receive) throughout the year. During FY 1983, more than 300 Quality Salary Increases and Special Achieve-

—cont'd page 4



Inside The Bulletin

Table of Contents

Director's message	Page 3
Pittsburgh auditor nets EEO award	Page 4
Purchased insurance — Some audit considerations	Page 5
<i>By Richard Wangeman, Headquarters</i>	
Deregulation of government management	Page 6
<i>By James Duwel, Headquarters</i>	
Common sense advice to new auditors	Page 8
<i>By J. P. Stanton, Philadelphia</i>	
Equipment acquisition and utilization	Page 9
<i>By Russ Akers, Los Angeles Region</i>	
Accounting: A glance back	Page 10
<i>By Sam Cohn, Los Angeles Region</i>	
DCAA Integrated Information System (DIIS) — Some Questions & Answers	Page 12
<i>By Members of the DIIS, Headquarters</i>	
Commitment to action — A report on Olive Branch IV	Page 16
Key personnel actions	Page 17
Professional activities	Page 20
Borteck receives Special Act Award	Page 21
People on the move	Page 22

"The Bulletin" is the official newsletter of the Defense Contract Audit Agency, Cameron Station, Alexandria, Virginia 22314. This newsletter is published monthly for Agency employees and does not necessarily reflect the official views of the Department of Defense.

"The Bulletin" is not copyrighted; however, if material is reprinted, appropriate newsletter name and author should be included in the reprint and a tear sheet sent to this editor. "The Bulletin" is prepared by the Records and Publications Branch of DCAA.

Telephone (202) 274-7288/7246.

Director
C. O. Starrett, Jr.
Deputy Director
J. R. Brown
Asst. Director, Resources
J. H. van Santen
Chief, Management Division
C. W. Craven
Editor
J. T. Hoffmann
Editorial Assistant
D. A. Brown

Director's message

In the last few years, DCAA has allocated a significant amount of resources to the performance of operations audits. One of the OSD Comptroller's 1983 Initiatives asked that we place new emphasis on operations audits. The great amount of effort being put into the review of contractor operations makes it important not to isolate these audits. We want to concentrate on making this effort pay off to its fullest extent. To do so requires us to (more precisely) coordinate the operations audit with the price proposal review. A CAM change is now being prepared which will clarify certain procedures and present caveats.

One of the most important aspects of our mission is to provide procurement with timely audit reports on forward price proposals. In reviewing proposed cost elements, it is necessary to consider what it should cost to supply the items assuming the offeror operated with reasonable economy and efficiency. When operations audits have disclosed uneconomical or inefficient contractor practices, we have always measured the effects of these on future costs. Accordingly, questioning costs on a proposal review as a result of an operations audit is appropriate. Let's not assume that just because the contractor concurred with our operations audit findings that future budgets will properly reflect savings. Neither should we audit under the conception that cost avoidance recommendations should be reflected on proposals only if the contractor does not concur with the operations audit finding. We want to make sure that a uniform procedure is being followed throughout DCAA.

We have to plan and perform operations audits with the idea in mind of carrying our recommendations through to forward pricing areas. This may require more work to ensure that a detailed reflection of the cost avoidance recommendations are priced out in accordance with the contractor's accounting system and bidding structure. To end the operations audit with the operations audit report, and not to determine the detailed effect of the cost avoidance recommendations on the contractor's proposed costs, is to leave our work unfinished.

Let me add that the regional operations audit teams offer a varied and interesting perspective of the DCAA work experience. I recommend an assignment on one of these teams as an opportunity for further career development.

As we reflect upon the past year's accomplishments, let us also look ahead to innovations that will increase our overall effectiveness and productivity. Productivity should be everyone's overall concern since all employees benefit from a job well done. In many ways we in DCAA are managing in difficult times. Our best defense against these difficulties is to continue our improvements in productivity.



C. O. STARRETT, Jr.

—from page 1

ment awards were made to GS employees. Lastly, each year many of the GS auditors in DCAA receive noncompetitive promotions as they become more proficient toward becoming full performance (GS-12) auditors.

In summary, merit pay employees are under a statutory mandated pay-for-performance system which uses cash awards as a part of their compensation plan. Congress envisioned that cash awards for GM employees would be made in conjunction with merit pay increases much in the way bonuses are used in private industry to recognize and maintain a

positive thrust of rewarding quality performance. In this respect, I hope this article has shed some light on the seemingly disparities between GS and GM employees regarding the opportunity to receive a cash award. As a postscript to this subject, prospects for an October general pay increase for all DCAA employees appear remote according to the Office of Personnel Management. Congress recently left to the President the decision to decide the pay date and how much of an increase to give federal employees. The President has until August 31 to present his plan; however, he is on record as preferring 3½ percent or 4 percent increase beginning in January 1985.

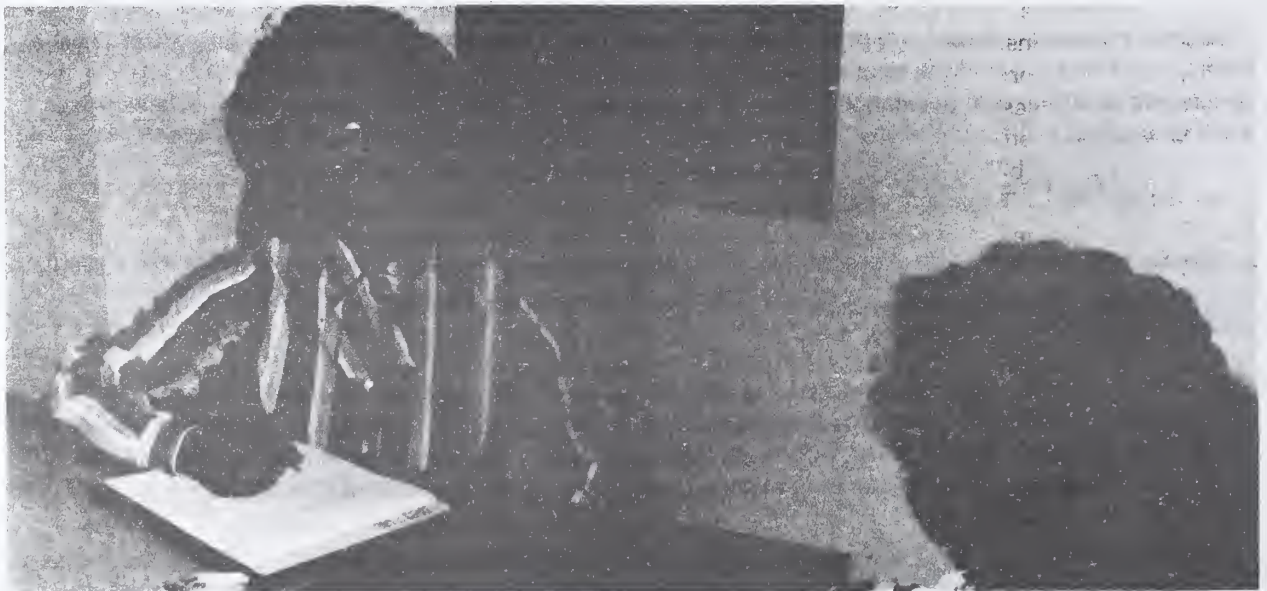
Pittsburgh auditor nets EEO award

Leonora McCormack, an auditor at the Pittsburgh Mobile Branch Office, is the recipient of the 1983 EEO Performance Award. McCormack serves as an EEO counselor for the Chicago Region as a collateral duty.

McCormack's award is in recognition of the exemplary efforts she has devoted to the Agency's EEO program. In addition to countless hours of counseling, she has presented EEO training and conducted group discussions with Chicago Region employees. McCormack has also served on two

Federal Executive Board (FEB) Ad Hoc Committees in connection with the Handicapped/Federal Disabled and Black History Month.

Recently, she was honored with a commendation from the FEB which stated, "Your professionalism and outstanding creative and organizational talents provided a comprehensive program of cultural and social activities which incorporated the participation of the public and private sector and federal employees."



Leonora McCormack counseling an employee

Purchased insurance — *Some audit considerations*

By Richard Wageman

Program Manager, Accounting Policy Division
Headquarters

Normally when we think of purchased insurance we expect to pay a premium to an insurance company which assumes the risk of loss. The insurance company also reviews claims, makes payments to claimants, and handles litigation related to the loss covered by the terms of the policy.

When I first reviewed a contractor's purchased insurance policies, I expected to see policy and payment structures similar to my personal insurance plans. To my surprise, I was confronted with terms that were foreign to me — terms such as *retrospective rated plans*, *cash management plans*, and “*reserves held by the insured*.” In the event someone else shares my reaction, let me take a few minutes to share with you what I learned about some of these terms.

Retrospective rated plans, as the term implies, simply means looking at the premium after completion of the policy period and then adjusting the premium up or down depending on the losses that have been incurred. Although there are many types of retrospective rated policies, Defense contractors normally have a retrospective “D” plan. Under a retrospective rated “D” plan the insurance company is paid a basic fee which includes profit, general and administrative expenses, and excess insurance coverage over a specified ceiling amount (*the deductible*). The deductible, which varies by contractor, is set when the policy is initiated. The insurance company also receives a service fee which is based on a percentage of claim dollars paid. In addition, the insurance company usually charges the contractor for a reserve to cover claims for losses incurred during the policy period but submitted and paid in subsequent periods. The insurance company retains the reserve and normally invests it to generate additional income. The insurance company frequently shares a portion of this investment income with the contractor in the form of a dividend or rebate.

Between 1975 and 1980, companies were experiencing internal cash flow problems and high interest rates. Many companies switched from purchased plans to self-insurance plans. The major advantage of

the self-insurance plans is that they allow the contractor to retain the reserve. Reserves are, of course, a ready supply of money and have been used to alleviate cash flow problems without having to borrow money.

With many contractors switching from purchased insurance to self-insurance, the insurance companies lost a substantial amount of revenue. As an incentive to retain business, insurance companies introduced *cash management plans*. *Cash management plans* are virtually the same as the retrospective “D” plans with the exception that a significant portion of the reserve is retained and controlled by the contractor. A cash management insurance policy will normally disclose the size of the reserve held by the contractor. Since the risk of loss over the specified deductible is passed to the insurance company, the contractor has a liability to the insurance company in the amount of the reserve. This liability is secured by a promissory note or a letter of credit. The full amount of the reserve is recorded as insurance expense with an offsetting credit to notes payable for the promissory note.

Under CAS 416, risk of loss is covered either by paying an insurer to assume the risk of loss, or if retained, by recognizing a self-insurance charge. A *cash management plan* has both features. The deductible portion of the policy represents self-insurance, while the excess insurance coverage (*above ceiling*) represents purchased insurance. DCAA has taken the position that contractor-held reserves under retrospectively rated purchased insurance plans, whether held by an insurance carrier or the contractor, represent self-insurance and are, therefore, subject to present value discounting.

An audit of insurance costs is not a simple task. I hope you have come to appreciate from reading this brief article that insurance plans are complex and the terminology is confusing. But there is some hope on the horizon. A DCAA conference on “Insurance Costs” will be held in October and the agenda promises broad discussions on a wide range of subjects. The conference minutes, which will be distributed to the field, should provide the basis for a comprehensive guide on auditing sensitive insurance issues.

Deregulation of government management

By James Duwel, Program Manager
Office of the Deputy Assistant Director
Policy and Plans, Headquarters

You might have found little interest in the headlines announcing deregulation of the trucking industry, deregulation of airlines, or deregulation of the banking system, but maybe your ears will perk up to hear about a recent National Academy of Public Administration (NAPA) report on *"Deregulation of Government Management."* How many of us haven't sometime in the past (maybe even yesterday) muttered something like, *"What we need around here is less management?"*

A consortium of 16 federal agencies contracted with NAPA to conduct a study of major administrative burdens on the federal manager and to make recommendations that would simplify administration, encourage more effective management, and preserve accountability and consistency among federal managers. NAPA is a non-profit society composed of about 300 distinguished practitioners and scholars in the field of public administration -- former cabinet members and governors; congressmen who were administrators; present and former White House officials; successful business executives who served in government; and professional government managers and scholars specializing in public affairs.

The panel's specific recommendations are summarized in their final report, *"Revitalizing Federal Management: Managers and Their Overburdened Systems."*

Federal managers, according to the report, typically regard themselves as captives of a series of cumbersome internal management "systems" which they do not control. These systems have tended to become so rigid and burdened with red tape that in the view of these federal managers their capacity to serve the public on a responsive and low-cost basis is seriously undermined. As a result of this study, the panel concluded that the negative impact of federal internal red tape on the capacity of managers to manage has reached serious proportions. The true cost of this administrative red tape can't be expressed in dollars, but certainly includes a slowing of governmental action; the resulting pressure for more staff; more and more oversight regulations; frustration of the employees; and difficulty in attracting and retaining able men and women. The panel concluded that the internal management process of the federal govern-

ment has become so complex and rigid that they must be changed. The most fundamental need, is for a philosophy of federal management which is aimed at enhancing the role and accountability of the manager. The attitude of those who design and administer the rules of budgeting, personnel, procurement, and administrative services must be oriented from a "control mentality" to one of *"how can I help get the mission of this agency accomplished?"* It is the conclusion of the NAPA panel that the role of the federal manager is being seriously undervalued, and the federal management systems have become so burdensome and constraining that they reduce rather than enhance management effectiveness.

The major cause of the widely perceived decline in federal management relates not to system or policy, but to adverse impacts on people. In the context of this study, the people most concerned are line and staff managers, and the net effect of the overburden and overregulation which this report describes has been to seriously impair the tools with which they are equipped to do their jobs, the managerial flexibility they are permitted, and their motivations for higher performance.

The whole pattern of conclusions and recommendations of this report rests on the premise that, if the federal government really wants to achieve general and broad-based reform of its management and create an environment in which managerial excellence is demanded and expected, then it must place top priority on its managers rather than its system.

Some of the recommendations made in each of the specific areas reviewed by the panel include:

Budget Process

- Adoption of a biennial budget in order to permit longer range planning.
- A new system of federal work force planning and budgeting. Each agency head would define the total work force needed, identify anticipated changes in workload during the next two fiscal years, and describe how the current work force would be deployed to meet these needs, or justify planned changes in staffing. These plans would be "priced out" and included in the President's budget. Both the Office of Management and Budget (OMB) on behalf of the President, and Congress would review these plans and make necessary changes.

—cont'd next page

Procurement System

- Strong support is expressed for Executive Order 12352 which resulted in the Federal Acquisition Regulation (FAR). The Office of Federal Procurement Policy (OFPP) is urged to concentrate on ways to increase the delegation of procurement authority to the operating level thereby contributing to reduction in paperwork and time delays in processing.
- Recommend OFPP be reauthorized by Congress and that the current procurement reform momentum be continued.
- The role of OFPP should be strengthened and be charged with the responsibility to provide needed assistance to agency heads and procurement executives, and at the same time promote maximum feasible decentralization, and avoid overregulation.
- The concept of OMB Circular A-76 which provides for contracting out cost comparisons was endorsed by the panel.

Personnel Management

- The Office of Personnel Management (OPM) should adopt broad guidelines which permit agencies to have the flexibility to develop and implement personnel programs responsive to their management needs.
- Executive and line managers should:
 - Take more active roles in personnel, particularly in selection of employees.
 - Help tailor personnel programs to meet their needs.
 - Receive rewards based on involvement.
 - Be held accountable for effective use of authority delegated to them.
 - Participate in developing policies which are approved by the head of their agency.
- Personnel offices should serve as consultants to executive and line managers, as well as provide staff help in recruiting, training, and other personnel functions.
- Reduction in the excessive paperwork in existing agency performance appraisal systems with attention to the number of systems in an agency, the number of critical elements, and the length of individual plans.
- Eliminate requirement that OPM approve agency performance appraisal plans.

- Evaluate and recognize managers partly on their effectiveness in personnel management.
- Amend regulations to guarantee comparability increases for merit pay employees if their performance is “satisfactory” or better.
- Increase in funding for merit pay to create real incentives for higher performance.
- Ensure that personnel staffs actively support managers who are experiencing problems with employee performance or conduct, make adverse actions as simple as possible, and reduce technical compliance burdens.

Management of Administration Services

- Maximum General Services Administration (GSA) delegation to agencies for all of their building management needs as rapidly as agencies are capable of accepting delegation.
- GSA Administrator should delegate to federal agencies authority for real property acquisitions.
- Congress should authorize the President to establish an appropriate administrative mechanism to set travel allowance limitations which reflect realistic travel-related costs.
- GSA should prepare, or guide the preparation of a Traveler’s Guide or handbook which would give government travelers a concise up-to-date explanation of how to get the most out of the travel system.
- GSA should select the approach of computing travel reimbursement through a locality-based flat rate.
- Federal agencies should be granted greater delegation to handle their own property disposal needs.

Because of the decentralization of DCAA, we have less of the “control mentality” referred to in the NAPA report. In fact, the overall management philosophy of DCAA contains plenty of “*how can I help get the mission of this Agency accomplished?*” mentality. Management not only accepts our suggestions for better ways to accomplish the mission, but actively solicits them by:

- Requesting our participation in the suggestion plan and then, as covered in the lead article of the June Bulletin, urging the supervisors and evaluators to help the suggestor in submitting the idea.

—cont’d next page

- Inviting employees from all levels of the organization to annual Olive Branch Conferences where, in an environment of creative thinking, all employees identify problems or conditions that need change and discuss and recommend solutions to these problems for management consideration and implementation.
- Providing an opportunity to perform extended research in an approved area identified by the employee under the Director's Research Fellowship Program.
- Frequently requesting participation as members of ad hoc committees set up to study specific questions or areas of management.
- Soliciting topics for further management consideration regarding long range planning of the Agency

These are all Agency-wide structured programs in which the employees are urged to participate. In

addition, there are local structures which invite the suggestions and recommendations of all DCAA personnel such as the FAO managers' meetings held by each region, the FAO staff meetings, and "*The Great Management Experiment*" at the Santa Barbara Branch Office described in the May issue of the Bulletin.

If you identify with some of the NAPA recommendations, don't dwell on the negative and simply say, "*Ya, that's what's wrong with things around here,*" but take some positive action to think about the cause of what you perceive as "*what is wrong around here*" and make recommendations for improvement through the many avenues our Agency affords us. If you're still not sure that someone will listen, go back and reread the "*Director's Message*" in the June issue of the Bulletin. Why not respond to his urge for "*personal commitment to find ways for improving the Agency performance so that it better serves the defense acquisition community.*"?

Common sense advice to new auditors

By J. P. Stanton
Deputy Regional Director
Philadelphia

It is so easy for a busy manager to assume that new auditors joining the Agency know what is expected of them and understand the fundamentals that we who have been around for a while have come to look upon as obvious.

We recently issued guidance to our managers to remind and encourage them to take time in their first meeting with the new auditor and in subsequent training sessions to discuss fundamentals. We offer this guidance for your consideration.

We are all aware of the importance of a new employee's first months on the job. During this critical period, the new employee is learning the organization's mission, structure, personnel and work practices, as well as the technical details of his or her job assignment. A well planned and carried out indoctrination period does much to ensure early and continued success on the job for the new employee. Much valuable time and employee confidence is lost without such a program.

We have several programs to assist new-hire auditors become acclimated and productive — the

mentor program, the six-month programmed training plan, self-study courses and the Technical Indoctrination Course at DCAI. Another indoctrination technique which should be used is a discussion between the supervisor and the employee when the employee first reports to work. During this discussion the supervisor gives the employee an overview of the organization and the employee's job, what is expected of the employee and what he or she should expect of the organization, and advice on how to succeed. A good discussion of this type is an ideal way to begin the employee's orientation and indoctrination.

We encourage you to cover, and elaborate on, the following fundamental work practices during your initial discussion with the new-hire auditors and continue to emphasize them during later discussions and work performance reviews:

- **Be completely honest.** Don't bluff. Don't be afraid to admit that you don't know the answer to a question or that you had not covered some facets of the audit. Be candid and say that you will get the information or do the job as soon as possible.
- **Prepare.** Review the information that is available to prepare you to do an assignment.
—cont'd next page

Read the manual, applicable correspondence and instructions and review permanent and prior year files, if available.

- **Organize.** Be neat. Do not allow yourself to develop careless work habits or workpapers.
- **Take notes.** Do not rely on your memory. When you are being given instructions or a briefing, make written notes and interrupt to ask questions if there is anything said that you do not completely understand.
- **If you do not know why you are doing something, ask.** If the audit objective isn't clear to you, or if you don't understand how the task you have been assigned fits in with overall audit objective, ask your supervisor for clarification.
- **Define the purpose of the audit.** Keep in mind that completing the audit or the program step is never a valid objective in itself, but a means to make a determination on the allowability, allocability and reasonableness of cost charged to the government.
- **Learn to recognize materiality.** Ask your

supervisor for guidance until you do. Do not miss the forest for the trees. Don't spend a disproportionate number of hours following a lead if the subject involved is insignificant in the first place. Conversely, don't take anything for granted if the subject is important in terms of sensitivity or dollar value.

- **Learn to be skeptical.** Don't accept figures or statements on face value.
- **Don't jump to conclusions.** Obtain sufficient factual data to support a conclusion.
- **Think.** Be curious. Don't get so engrossed in details that you miss the real substance involved. Put down your pencil, sit back and make sure you understand the subject. Try to envision what could be wrong and then see if it is. Look for patterns, trends and the exceptions -- the unusual, the out-of-the-ordinary transactions.
- **Don't underestimate the importance of clear, concise, understandable-to-the-layman writing.** Work at becoming a good writer.

Equipment acquisition and utilization

By Russ Akers, Senior Auditor
Operations Audit Team
Los Angeles Region

Did you recently notice a new piece of equipment in the machine shop or fabrication center and wonder how that machine is going to affect the costs on different government programs? Contractors across the country are making large investments in productive equipment. These acquisitions are primarily for one of three reasons: (1) to reduce costs by increasing productivity; (2) to increase existing capacity in anticipation of new requirements; or (3) to replace existing equipment that is not economically feasible to repair. Irrespective the reason for the acquisition, the immediate impact on government contracts is increased overhead and other related contract costs.

Industrial robots, machine centers, numerically controlled (n.c.) lathes and mills, and three and five axis profilers are expensive additions to the machine

shop. Using accelerated depreciation methods, a five axis Cincinnati Milicron Gantry profiler can contribute as much as \$80,000 a month to overhead! While the impact of machine acquisitions on overhead may be apparent to the auditor, there are several additional underlying aspects which may not be as apparent.

First, in making the acquisition decision, a capacity versus load analysis should be made to determine when and which machine to acquire. This analysis encompasses (1) the amount of work that a machine must perform in the coming period to meet contractual requirements (*the load*) and (2) how much work can actually be expected from the machine (*the capacity*). Once this analysis is made, all viable alternatives and work-around options should be evaluated. These options should include cost considerations, such as the use of overtime and additional shifts versus the cost of the new machine. The auditor should ask the question, "Did the contractor really

—cont'd next page

need this machine?"

Secondly, machines purchased on the basis of reduced costs and/or increased productivity should have some type of capital budgeting analysis included in the acquisition package. This analysis or return on investment should estimate the increased savings generated from the equipment over its estimated useful life. Ideally, this savings should excel or at least equate to the cost of capital, i.e. the amount of interest that the company would have to pay to borrow the money from outside sources. These savings for reduced labor, scrap, and rework costs, should be adequately reflected in direct or indirect incurred or proposed costs to the government.

Thirdly, machines purchased as replacements or to increase capacity will result in reduced downtime, maintenance, and possible labor costs. One major contractor recently replaced a 20-year-old two spindle

Gantry profiler with a new three spindle profiler. The immediate result was an approximate one-third reduction in the fabrication labor for the parts previously produced on the old machine (*assume a one hour run time to produce two parts, one on each spindle on the old machine, or 30 minutes per part, as opposed to 20 minutes per part on the new machine*). The greater efficiency resulted in reduced scrap and maintenance costs.

Finally, as can be learned from this discussion, there are many factors that the auditor should consider in equipment acquisitions. Certainly, there is more to it than meets the eye. It is the astute auditor who is involved in the initial equipment acquisition phase, evaluates all relevant factors, determines the significance of any cost impact, and ensures that any cost savings are passed on to the government.

Accounting: A glance back

*By Sam Cohn, Auditor
Inglewood Branch Office
Los Angeles Region*

Accounting dates back to early civilizations. Evolving from simple lists of temple stores dating back 5000 years, accounting has developed into an important part of modern business. This article will briefly survey the history of accounting from its germination in ancient Mesopotamia and Egypt to its blossoming in 20th Century America.

Bookkeeping first evolved in the city-states of Mesopotamia and the kingdom of Egypt. Organized as theocracies, their temples functioned both as a place of worship and the seat of government. The scribes recorded the collection of temple donations, business transactions, and taxes. The Babylonian Code of Hammurabi (1955—1913 B.C.) contained several sections pertaining to

accounting. Accuracy of these accounts was advisable, because temple supervisors regularly audited the scribe's records. Gross irregularities resulted in *mutilation or death*.

The Greeks contributed indirectly to the development of accounting with their invention of coined money in 600 B.C. This shift from a barter to a money economy provided a salubrious environment conducive to the growth of accounting systems.

The Romans introduced the petty cash account and a cross reference of accounts. However, the use of these improvements was limited.

A paradox exists in that these ancient civilizations, possessors of numerous cultural achievements, failed to develop an advanced accounting system. A.C. Littleton in "Accounting Evolution to 1900" provides an explanation for this paradox. He lists seven preconditions for the emergence

of advanced accounting systems: (1) *the art of writing*, (2) *knowledge of arithmetic*, (3) *a money economy*, (4) *development of wide-spread commerce*, (5) *concepts of capital*, (6) *credit*, and (7) *private property*.

All of the aforementioned civilizations possessed the seven preconditions, but only to a limited extent. Only a minority could read and write. Their mathematical systems were unsuited for making simple calculations. For example, to write 4999 required no less than nineteen digits in the Roman system of numbers. The use of money outside of cities was very limited. The concepts of capital, credit, and private property remained at a primitive level. Adequate development of these preconditions did not occur until a thousand years later.

Accounting evolved in several distinct directions. In Northern Italy, during the 12th and 13th

—cont'd next page

—from page 10

Centuries, the development of partnerships and overseas trade led to the double-entry accounting system used today. Accounting for long-term partnerships required a system capable of division of profits, recognition of partnerships as entities and automatic profit and capital balances. Agency required duality within the accounts so that the agent's and his principal's accounts were equal. Double-entry accounting was uniquely suited to meet these requirements.

In medieval England the "proffer" system evolved to account for governmental tax collections using "tallies" as evidence of payment. Twice a year the tax collector was required to proffer (i.e. to pay on account) the tax assessments for the area. A tally usually consisted of an 8- or 9-inch wooden stick with notches to denote amounts of money. Used as a receipt or promise of payment, the stick was split down the middle resulting in two identically notched parts, thus giving both parties a copy. The tally became obsolete with the introduction of parchment.

Double-entry accounting differs from previous accounting systems in two ways: (1) *each transaction was recorded twice so that debits equaled credits* and (2) *integration of real and nominal accounts allowed easy calculation of profit and equity*. These advantages encouraged its rapid spread among Italian businesses.

The practice of double-entry accounting became international in scope soon after the publication in 1494 of Luca Paciolo's treatise, "*Everything about Arithmetic, Geometry and Proportion*." It contained a section on accounting. Although not the inventor of double-entry accounting, Paciolo

deserves recognition as the transmitter of this unique system to the rest of the world. Within a century a translation of the treatise had reached most of Europe.

The knowledge of double-entry accounting traveled to England via Holland. Elements of the older system, such as public audits, merged with double-entry accounting. This hybrid system was the foundation upon which accounting developed in the United States. The English industrial revolution set the stage for further refinements. The joint stock company, a corporation, evolved during this period. Joint stock companies were created to fulfill the need for large amounts of capital. These companies differed from partnerships in three ways: (1) *investors were not personally responsible for a company's debt*, (2) *companies could sell stock to raise additional capital*, and (3) *the joint stock company could exist forever*. Often the company's assets were located all over the world. Too widespread to allow the owners to manage them personally, agency relationships developed between the owners and their plant managers. To ensure the honesty of their managers, the owners employed accountants to audit their holdings.

With the collapse of several large public corporations, the British government established laws to protect corporate investors. These laws eventually required mandatory audits, established minimum auditing and reporting standards, and emphasized improvement of disclosure statements.

Late in the 19th Century, British investors invested in U.S. railroads and breweries. Investors sent their accountants to audit their holdings. Many of these accountants

decided to settle permanently. The profession in America developed around these accountants.

These immigrant accountants played an important part in the establishment of professional organizations and large accounting firms. Two early societies lobbied for the first CPA legislation in 1895. Without their support, the 1896 New York CPA law would not have passed. Through subsequent mergers these national and state associations formed the American Institute of Certified Public Accountants.

The beginnings of four of the present "Big Eight" firms were established by English or Scottish accountants. Price Waterhouse & Co. established its first office in 1893, as did Arthur Young & Co. In 1894, Peat, Marwick, Mitchell & Co. first began operations, and in 1900 Touche Ross & Co. had its beginnings. Other "Big Eight" firms such as Arthur Anderson & Co. in 1913, Ernst & Whinney in 1903, Coopers & Lybrand in 1898, and Deloitte, Haskins & Sells in 1895, were founded by native accountants.

The federal government has also influenced accounting through legislation such as income tax, securities acts, and the establishment of the Securities and Exchange Commission.

This is a brief examination of the history of accounting. After 5000 years, accounting still is a growing, changing profession with many unresolved issues that need to be dealt with in the future.

DCAA Integrated Information System (DIIS) — Some Questions & Answers

*By Members of the DIIS
Project Management Group (PMG)
Headquarters*

Your working life will soon undergo a transformation! In early 1985, the first DIIS FAO subsystems will be installed and, by July, all FAOs will have the new systems. The DIIS represents one of the most significant changes made in the Agency's working environment since DCAA was created in 1965. Over the next two years, an extensive range of versatile hardware and software will be installed throughout the Agency. Present administrative practices, audit procedures, managerial and supervisory activities, communications, and all other aspects of your working environment will be changed. This is not hyperbole or overstatement; it is as they say, just the facts. And it's time to get ready.

An Executive Conference was held on August 8 which was devoted exclusively to DIIS. The primary purpose of the conference was to provide the Agency's senior executives, regional special programs and resources managers, and QM/EDP chiefs with an overview of DIIS, to report on the status of its development, and to respond to a number of issues and questions that have been raised regarding the system's design and operation.

We knew there were lots of questions bouncing around about DIIS, and in preparing for the Executive Conference, the DIIS Project Management Group, headed by Don Heisey, put together a list of questions and answers about a number of categories related to DIIS development. Beginning with this issue of *The Bulletin*, we'll be sharing those questions and answers with all of you; we'll also be adding new ones that come up as we go along. If you have any questions or suggestions, we urge you to send them to your regional DIIS Coordinator who will forward them to the DIIS Project Management Group (PMG).

SOME BACKGROUND: The DCAA Integrated Information System (DIIS) is one of the Agency's major undertakings in its commitment to increase the productivity of its workforce and to improve the quality of its audits. Our objective is to apply the technologies of data processing and office automation to DCAA operations and thereby enhance the capabilities and productivity of our professional, managerial, and administrative staffs.

There have been some concerns expressed that the DIIS is a system designed mainly to increase productivity in administrative functions. Although administrative activities are definitely encompassed by the DIIS,

our principal goal is quite the contrary. Given the Agency's mission and the composition of its workforce, it is clear that we will benefit greatest by improving the efficiency and effectiveness of our audit staff. Therefore, from the beginning, the major purpose of the DIIS has been to provide auditors with new tools with which they can do their job faster and smarter and, therefore, better.

Auditors will be provided a wide variety of versatile software packages which will increase the speed with which they perform basic audit functions, and present them with opportunities to apply new techniques which will give them entirely new and different perspectives. Through word processing, electronic filing systems and software such as spelling verifiers and math packages, administrative personnel will be able to complete tasks faster and, through increased productivity, provide greater support to the audit mission.

The DIIS will be a three-tiered, distributed data network, with independent systems operating at the field audit office (FAO), regional office, and Headquarters levels. Although the operating system at each of these levels will function independently, they will be able to vertically and horizontally telecommunicate with any other system in the network.

As is often the case with an undertaking that will have the impact of the DIIS, many questions and some apprehension have arisen. These "Questions and Answers" have been prepared in response to the interest expressed by those whose work lives soon will be changed a great deal by the introduction of the DIIS.

FAO SUBSYSTEM

1. What is the FAO subsystem configuration?

- Four workstations, each with a central processing unit supporting a minimum of 512Kb of random access memory, video display and keyboard.
- Two to three portable computers, which are integral components of the subsystem, and perform as stationary or mobile workstations.
- Mass storage subsystem minimum capacity of 40 megabytes (MB) with a high-speed backup capability and at least one floppy disk drive.
- One letter-quality printer and one dot matrix printer.
- RS-232C communications port and modem.
- Local area network (LAN) which controls interface of basic subsystem components;

—cont'd next page

—from page 12

provides the capability of integrating work processes; and permits expansion to at least 12 workstations.

2. What is an EODT?

- An Extended Operational Demonstration Test (EODT) is a term used to describe the 60/90-day period during which DCAA personnel will conduct detailed testing and evaluation of vendors' systems. The purpose of the EODT is to evaluate prospective systems in a "live" environment before final selection.

3. What is the difference between basic and enhanced FAO subsystems?

When will each be implemented?

- The major difference between the basic and enhanced FAO subsystem is in the type of application software available. In the basic subsystem, audit support, administrative support and management support will be provided primarily by off-the-shelf software packages for spreadsheet, data base, graphics, word processing and communications. The only customized software will be Agency quantitative methods (QM) programs. In the enhanced FAO subsystem, customized software will be developed for specific Agency applications. The basic subsystem will be delivered in January 1985 with the initial installations. The first phase of the enhanced subsystem will be delivered in July 1985 with further enhancements being implemented simultaneously with installation of the regional office and Headquarters subsystems. There will be continual enhancements to all subsystems throughout the life of DIIS.

4. Who will have a workstation at the FAO?

- Each workstation in the FAO subsystem will have the same capabilities and, therefore, can be used to perform different functions. However, analysis of current FAO operations indicates that, in the basic FAO subsystem with four workstations, two should be dedicated to administrative functions (principally typing audit reports) and two to managerial, supervisory, and audit functions such as audit planning, running QM programs, analysis of contractor data, and preparing spreadsheets to be included in audit reports.
- In addition, FAOs initially will be provided 2-3 portable computers with the same capabilities as stationary workstations; these are to be used primarily for audit operations.

5. Will the FAO be able to buy other software for the FAO subsystem?

- Software to be initially made available on DIIS will be selected by Headquarters on the basis of evaluations conducted by Headquarters, regional offices and/or FAOs. Specific policies and guidelines are being developed to ensure that, in using proprietary software, we comply with all copyright laws and licensing agreements. The objective is to have similar software on all systems. However, packages for special needs (such as Lotus 1-2-3) will be made available as required. In addition, software libraries will be accessible by all systems in the network. Personnel throughout the Agency will be encouraged to identify software application packages to be evaluated for Agency-wide application.

6. Will we have a single-user or a multi-user data base management system (DBMS)?

- Both a single-user and multi-user DBMS will be provided.

7. When will overseas offices receive FAO subsystems?

- Overseas offices will receive the same systems as CONUS offices. Cognizant regional offices will make the decision when systems are to be installed.

8. Are there plans for expanding the FAO subsystem at some future date?

- There are already plans, and funds are being requested from the Defense Productivity Programs Office (DPPO), for expansion to six workstations. The expansion is intended to support communications with one of the additional workstations and computer-assisted training with the other. Further expansion will be based on analysis of FAO requirements, system enhancements, and availability of funds.

9. Will FACS be on the FAO subsystem? When?

- Present plans are to retain FACS on Compu-Serve until July 1986. It will be accessed through the FAO subsystem under procedures similar to those used currently. Programs will be modified to take advantage of the benefits of using a CRT instead of a paper-oriented terminal for input/output operations. In addition, FAOs will be able to select and analyze FACS data using software packages

—cont'd next page

available on the FAO subsystem.

10. What will happen to general purpose time-shared computer programs (QM programs)? Regional libraries?

- All current QM programs maintained by DCAI will be delivered with the FAO subsystem. All other timeshared programs at DCAI or in regional libraries will be converted by 1 July 1985. Regional offices will be asked to identify programs in their libraries which are to be converted and to designate the priority for conversion.

11. Will I be able to put a spreadsheet created by MultiPlan into my audit report created by MultiMate?

- Yes. Information and documents prepared with each of these packages has been integrated without difficulty.

12. Why are we buying MultiMate and MultiPlan instead of an integrated package or some other wordprocessing or spreadsheet software?

- Before selecting software to be provided with the initial FAO subsystem, Headquarters and PMG personnel evaluated a number of different packages.
- MultiMate and MultiPlan are two software packages designed to perform the single functions of word processing and spreadsheet formulation. Because integrated packages like Lotus 1-2-3 must do several functions in one package, they lose some of the functionality and efficiency of software designed to perform one specific thing.
- One of the functions found to be extremely useful in using MultiPlan is that spreadsheets can be easily "linked" so one spreadsheet can feed information to another without having to write a long series of program commands. This function substantially increases the usefulness of MultiPlan.
- In addition, the word processing portion of integrated packages falls functionally short of a standalone word processor. MultiMate is a very powerful and easy to use word processing package. Before selecting it, we evaluated other packages including Perfect Writer and Wordstar.
- During the portable computer project, MultiMate, MultiPlan and dBase II were successfully applied to FAO operations. In addition, we have been able to integrate information from each of these packages without difficulty. We

also have identified a graphics program that uses information directly from MultiPlan to produce line, bar and pie charts. We have evaluated Lotus 1-2-3 and it does not meet the requirement for full-feature word processing integrated with data base, spreadsheet and graphics.

- We will continue to evaluate other integrated and integration packages such as Windows, DESQ, LOIS, and Electric Desk. One of the objectives in the design of DIIS is to permit the use of a wide range of software packages. Just because a package is not delivered with the initial subsystem does not mean that it and others will not be evaluated and used in the future. Although there will be some prescribed packages for standardized components of the DIIS, we will be using many different software packages depending on their applicability to a particular work situation.

13. Will we have electronic mail?

- An electronic mail package will not be delivered with the basic FAO subsystem. However, there is a requirement for an Agency-wide mail package to be acquired with the regional office and Headquarters subsystems. FAOs, regional offices, and Headquarters will be able to use the package installed at that time.

14. Will we be able to produce hard copy graphs with the FAO subsystem?

- Yes.

15. Using an Agency portable or personal computer, will we be able to dialup/local connect to the FAO subsystem and/or Regional subsystem, similar to how we now use CompuServe?

- Yes. If access is authorized, all computers with communications capability will be able to access any of the three DIIS subsystems.

16. What kind of backup facility will the FAO subsystem have?

- A backup facility is a security measure by which data stored on the hard disk is copied to a removable hard disk or magnetic tape to protect it against intentional or accidental destruction. The backup facility is used to restore information on the hard disk if either situation occurs.
- Specifications in the request for proposals (RFP) for the FAO subsystem required equipment that would backup the entire contents of a 40MB hard disk within one hour. A system

—cont'd next page

—from page 14

has been proposed that will do it in 12 minutes.

17. Can I get additional terminals and printers for the FAO subsystems?

How?

- The PMG is continuing to analyze information developed by M/ASSC task forces regarding FAO operations; additional reviews are planned. Information developed during these reviews will be analyzed for purposes of designing system software as well as determining the need for additional equipment. In addition, plans have been made to complete a study in the last half of calendar year 1985 specifically for the purpose of identifying additional equipment requirements for the FAO subsystem.

18. Will I be able to buy a personal computer/software under this contract?

- Through negotiations with the contracting officer and vendor, we will attempt to obtain provisions for individual DCAA employees to purchase equipment at prices provided for in the contract. (This is similar to arrangements negotiated by the Department of the Air Force in its recent contract with Zenith for portable computers.)

19. Given the rate of technological advancement, how are we protected against obsolescence?

- As new application package upgrades are announced, they will be evaluated and made available to DCAA users if they are applicable and cost-effective. For example, we are already upgrading the DBMS provided with the portables from dBase II to dBase III. In addition, specifications governing both hardware and software selections for DIIS subsystems require compatibility with an established technological base, i.e., IBM and MS-DOS operating system. Because of IBM's influence in dictating formal or de facto industry standards, we are favorably positioned to accommodate most advancements that will be applicable to our operations during the next 7-10 years.

PORTABLES

1. What is the relationship of portable computers to the DIIS?

- The portable computer is an integral component of the DIIS as an extension of the FAO subsystem. The software used on the portable will be the same software as is used on the FAO subsystem.
- We plan to use portables: (1) for downloading

information from contractor's computers; (2) as workstations on the FAO subsystem; (3) for off-site telecommunications with the FAO subsystem; and (4) for mobile computing power.

2. When are we getting more portable computers?

How many?

What type?

Who gets them?

- Present plans provide for purchase of at least 350 portable computers during FY 85. We plan to purchase 72 portables for delivery in late September or early October 1984. The remainder of the 350 will be purchased in early FY 85 for delivery during the 2nd or 3rd Quarter, depending on time required for the procurement process.
- Funds have been requested for an additional 700 portables to be purchased no later than the 1st Half, FY 86. Our goal is to achieve and maintain a 1 to 3 ratio of portables to FAO auditors.
- After the initial purchase, portables will be allocated proportionally among the regions based on auditor/computer ratio. Regional offices will determine the distribution to be made within their regions.
- The 72 portables to be purchased in FY 84 will be the 512K Compaq model that was favorably evaluated during the recent portable computer project. Equipment failures were experienced with the lightweight model tested. We will be evaluating other lightweight models and will provide for such models in our FY 85 procurement action. In addition, luggage carts will be provided for all models to ease the effort necessary to make them comfortably "portable". We would welcome any suggestions of other lightweight models that should be tested — contact your DIIS Coordinator.

3. Will results of the M/ASSC portable computer project be published Agencywide?

When?

- Yes. The report is scheduled to be issued by September 30.

4. What will happen to the portables that were used during the test?

- The portables will be integrated into the FAOs as another tool in their operations. Regional offices will determine the distribution of all portables.

—cont'd next page

5. What is a six-pound “lap job”?

- An affectionate tabby or, in computer jargon, a particularly lightweight portable.

6. What is DCAA’s policy on taking portable computers home?

- The policy is no different than that which has been applied to other Agency equipment.
- The Agency encourages the use of portables at home for familiarization and training with the hardware/software or for performing work assignments if necessary or if the employee wishes. (Obviously, it is more beneficial to the Agency to permit an employee performing mobile audits to keep a portable at home when it is being used for current work.) However, portables may not be used for personal gain or benefit either at the employee’s home or in the office. Managers and supervisors should be alert to possible abuses and take appropriate corrective action.

7. What will be the disposition of present WP & DP equipment?

Will FAOs be permitted to retain their old equipment if they wish?

- The long range plan is to dispose of all current equipment and replace it with DIIS-compatible

equipment. However, until this is possible, present equipment that can be integrated into the FAO subsystem or can be used effectively in a standalone environment in a suboffice or, similar office setting, will be retained. Present equipment will not be retained in any office which is provided with a DIIS subsystem. The practice of retaining old equipment has been found to impede implementation of new systems. We will not permit this to happen.

8. How will data now stored on existing equipment be converted to the DIIS subsystems?

- In the near future, FAOs, regions, and Headquarters will be asked to identify existing automated data that needs to be converted. Afterwards, DIIS systems managers will select the appropriate conversion method and schedule the conversion to meet operational requirements.

Commitment to action — *A report on Olive Branch IV*

In Chuck Craven’s “Commitment to Action” article published in the August issue of *The Bulletin*, he made you aware of management’s commitment to address a number of important issues arising from Olive Branch IV.

To carry out the “Commitment to Action” theme, Mr. Starrett has named a team to examine several important administrative issues. The team is headed up by John Gozzo, Assistant Personnel Director; Don Landis, Chief, Richardson Branch Office, Atlanta Region; and Paul Cederwall, Chief, Technical Programs, San Francisco Region.

The team will examine issues dealing with administrative duties performed by auditors, grades of administrative support personnel; paraprofessional and office manager needs, if any; and issues dealing with supervisory selection factors.

At the initial team meeting held at Headquarters August 13-15, the team decided to develop a timesheet which would serve as a daily diary. A selected sample of employees at nine FAOs involving all the regions will be asked to log their tasks and activities daily. Once the tasks are categorized and analyzed by the team, recommendations will be made to John van Santen, Assistant Director, Resources, as to what the next steps should be.

The team will start to collect data on September 17 for a 4-week period. Regional Directors and others should receive the analysis and recommendations for comment during the month of November. The final report is targeted for completion by December 31.

Articles dealing with the progress of this study will appear in future issues of *The Bulletin*.

Key personnel actions

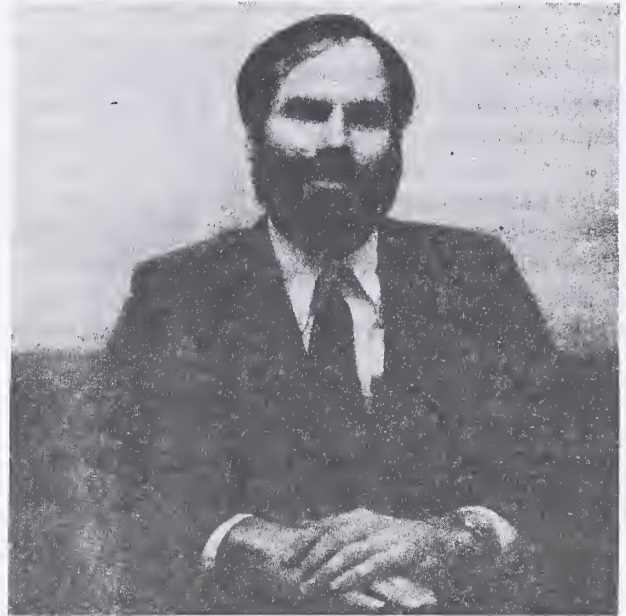
Walczak

L. Richard Walczak, Jr. has been promoted to course manager, Defense Contract Audit Institute.

Walczak comes to the Institute from the Capital Branch Office, where he joined DCAA in 1979. During his first year he received a sustained superior performance award and was selected as the Philadelphia Region's Auditor Trainee of the year.

Walczak earned his Bachelor of Arts at Colgate University and a Master's Degree in Business Administration at Rutgers University. He is a member of the AICPA and the Association of Government Accountants.

Some of his unfinished goals include running a marathon in less than three and a half hours and eating all of the day old baked goods in any local grocery store.



Smith

Don Smith has been selected as a computer specialist in the EDP Technical Support Branch of DCAI. He transferred to DCAI in February 1984 from Huntsville, Alabama. In Huntsville, he served as a Computer Software Engineer with the U.S. Army Missile Command.

Smith has a Bachelor's Degree in Electrical Engineering from Christian Brothers College in Memphis. He also has a Master's Degree in Industrial Engineering from Texas A&M University and a Master's Degree in Computer Science from the University of Alabama. Smith has his Professional Engineering (P.E.) License for the State of Tennessee.



Miller

Dwight B. Miller was recently promoted to resident auditor of the General Dynamics Resident Office.

Miller began his Federal career with the Air Force Auditor General in 1965 and converted to DCAA when the Agency was created. His career with DCAA has included a variety of assignments at the former Teledyne-Ryan Resident Office, the San Diego Branch Office, and the General Dynamics Convair Resident Office. Miller is a former resident auditor of the Teledyne-Ryan Residency. His most recent position was that of supervisory auditor at General Dynamics Convair.

Miller graduated from San Diego State University with a degree in Accounting and he also holds a MS in Finance from San Diego State University. He is a Certified Internal Auditor and a CPA in the state of California.

His professional activities include membership in the Association of Government Accountants and teaching "Accounting" at San Diego City College.



Saenz

Manny Saenz was selected for branch manager, of the Santa Barbara Branch Office.

Saenz started his Government career with the Los Angeles Navy Audit Office in 1962. He transferred to DCAA when the Army, Navy, and Air Force audit agencies were combined into the Defense Contract Audit Agency in 1965. His early assignments were in the Los Angeles and Van Nuys areas. In the 1970's he served as supervisory auditor and branch manager in Santa Barbara and then rotated to Riyadh, Saudi Arabia, where he served as branch manager of the Saudi Arabia Branch Office. After completion of two tours there, he returned to Santa Barbara where he has his home.

Prior to Government service he was an auditor with Haskins and Sells, CPA firm and business manager of a division of Servomechanisms, an electronics firm.

Saenz has a degree in Accounting from the University of Vermont and has been a member of the Federal Government Accountants Association and the National Contract Management Association. He has received special recognition from DCAA for outstanding performance.



Meltzer

Barry Meltzer was selected to head the San Francisco Region's Phoenix Branch Office.

Meltzer graduated from the State University of New York at Binghamton in 1976 with a Master of Science Degree in Accounting.

After a one year stint as controller with Eden Foods, a foods wholesaler, he started his career with DCAA at Chicago Region's Detroit Mobile Branch. In his first year with DCAA, Meltzer was selected DCAA's Outstanding Auditor Trainee of the Year--the first to be named from the Chicago Region.

His decision to come to Arizona had a great deal to do with its agreeable climate, its friendly atmosphere, and its close proximity to relatives. Meltzer's outside pursuits include National Guard Ready Reserve duty, jogging, swimming, and a penchant for tinkering with model railroads.

Meltzer looks upon his work with DCAA as challenging, "Every day is different." He characterizes DCAA as a fine group of professionals serving a very useful purpose in conserving the resources of the Department of Defense and the American taxpayer.

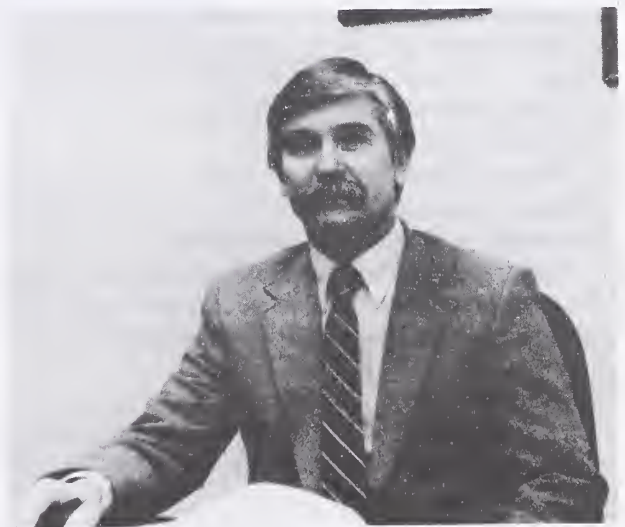


Barnard

James R. Barnard has been promoted to project manager, Research and Development Branch, at Defense Contract Audit Institute.

Barnard began his DCAA career in 1976 as an auditor trainee in the ECI Suboffice in St. Petersburg, Fla. Since that time he has had varied field experience and has served as a staff auditor in the Tampa Bay Branch Office, a lead auditor in the Orlando Branch Office and as senior auditor in the Fort Walton Beach Suboffice.

Barnard earned his B.S. Degree from Auburn University and an MBA degree from Florida Institute of Technology.



Professional activities

Headquarters

Joseph T. Higgins, program manager, Headquarters, has been elected Chairman of the New CPAs in Government Subcommittee, Committee on Governmental Accounting and Auditing and Members in Government, Maryland Association of CPAs.

Fred J. Newton, Assistant Director, Policy & Plans, Headquarters, was reappointed as chairman of the Association of Government Accountant's Financial Management Standards Board.

Gary N. Neil, Chief, Accounting Policy Division, Headquarters, spoke on "Current Contract Audit Issues" before the AGA Professional Development Conference.

Josephine L. Flinn, program manager, Accounting Policy Division, spoke on "Current Contract Audit Issues" at the AGA Professional Development Conference.

Atlanta

Maria P. Shockley, Equal Employment Opportunity Officer, Atlanta Regional Office, spoke before the National Institute for Employment Equity on "Employment Opportunities for Minorities."

Girguis, Nabil, auditor, North Carolina Branch, AT&T Suboffice, Atlanta Region, was awarded a Certified Cost Analyst degree in North Carolina.

Boston

Jonathan E. Clark, auditor, ROAT, received AGA's Chapter Service Award for Contributions to Financial Management from the National Awards Committee of the AGA in Washington, D.C.

Richard W. Hague, senior auditor, General Electric, Pittsfield, MA, was awarded a Master of Business Administration degree from the University of Massachusetts.

Harriet Coorssen, senior auditor, Hazeltine Suboffice, is teaching "Advanced Accounting" at Adelphi University in Garden City, New York.

Robert W. Matter, regional audit manager, Boston Regional Office, was awarded a Certified Cost Analyst degree from the Institute of Cost Analysis.

Chicago

Donald H. Ruben, regional audit manager, Chicago Region, spoke on "DCAA Mission and the

Role of DCAA in Procurement Fraud" before the Defense Criminal Investigative Service in Chicago as well as in Dayton.

Ronald S. Barberis, semi-senior auditor, MCAIR FAO, passed the Certified Information Systems Auditor (CISA) examination in April 1984.

Jack D. Whitford, regional audit manager, Chicago Regional Office, was awarded Certified Cost Analyst by the Institute of Cost Analysis.

Olga E. Marchione, auditor trainee, Syracuse Branch, was awarded Masters of Science in Taxation from the Weidner College in Pennsylvania.

Sidney D. Bobo, auditor, Indianapolis Branch Office, was appointed chairman of the Audit Committee for the Indiana Department of Disabled American Veterans.

Charles H. Ernst, auditor, Indianapolis Branch Office, spoke before the Indianapolis Chapter of AGA on the "1984 Voluntary Tax Assistance Program."

James T. Cunningham, an auditor at the Rochester suboffice, Buffalo Branch, was recently awarded a Certified Cost Analyst certificate from the Institute of Cost Analysis.

Los Angeles

Thomas H. Nakagawa, resident auditor, Northrop, spoke before Northrop — Aircraft Division, Training Meeting for Contracts/Pricing Personnel on "Overview of DCAA."

William J. Logan, auditor, Pomona Valley Branch Office, was awarded a Masters of Business Administration from California State Polytechnic University in Pomona.

Philadelphia

William J. Cochrane Jr., chief, Operations Audit Team, Philadelphia Region, was appointed committee member for the Committee on Auditing and Accounting Procedures at the Pennsylvania Institute of CPAs.

D. Kyle Spainhour, auditor, Capital Branch Office, Arlington, Virginia, passed the CPA examination in the state of North Carolina.

—cont'd next page

San Francisco

Donald J. Lehto, auditor, Honeywell Inc., was a guest instructor for DCAI in Memphis, Tennessee on "Technical Indoctrination."

Jeffrey F. Todd, senior auditor, East Bay Branch Office, spoke on "Tax Return Preparation" before the Volunteer Tax Assistance Program in Berkeley, California.

Evelyn Wellington, auditor, Seattle Branch Office, was awarded a Masters of Business Administration degree from City University, Seattle, Washington.

Donald J. Youngblood, supervisory auditor, Hercules Suboffice, Salt Lake City Branch Office, served as a Resource Staff Member (RSM) for the Army's Personal Management for Executive (PME) Program.

Borteck receives Special Act Award

Arline Borteck, a procurement clerk in the Philadelphia Regional Office, has not only won the praise of her supervisors and co-workers, but has also gained the respect and admiration of a federal government account executive with a major corporation.

The attention Borteck is receiving is a result of an innovative idea she had regarding ordering and controlling supplies for the region's new copying machines, an idea that is expected to substantially reduce the cost of operating supplies for the copiers.

More modern, productive copiers were recently placed in offices throughout the region, a transaction that is also expected to reduce annual costs. With the new copiers in place, Borteck calculated the amount of supplies needed for the 15 offices for the year, and determined that a considerable sum of money could be saved by bulk ordering the supplies and having them shipped to one location instead of having small quantities shipped to each separate location. Utilizing part time personnel and UPS for reshipment, she not only saved the Agency approximately \$6,000, but also established a very effective control for monitoring the usage of each outlying office.

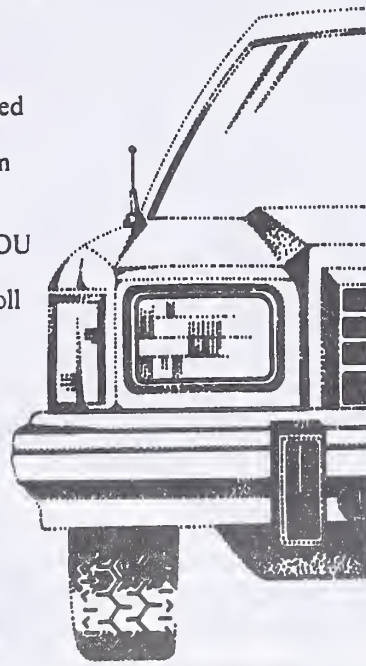
In recognition of Borteck's motivation and efforts to save the government money, the Agency is presenting her with a \$500 Special Act Award.

Get more mileage for your money— with new Competitive-Rate U.S. Savings Bonds

Now offering you:

- Excellent market-based rates
 - Guaranteed minimum return
 - Maximum security
- ... and as always, YOU choose how much to save in the **easy** Payroll Savings Plan!

Savings Bonds can take you where you want to go.



U.S. Savings Bonds ★

America's favorite way to save!

People on the move . . .

ATLANTA

Accessions

Atlanta Branch Office

OMP Jain, auditor

Olan George, auditor

David Grimsley, auditor

Austin Branch Office

Stanley Harper, auditor

Bell Helicopter R/O

John Little, auditor

Dallas Branch Office

Betty Burls, auditor

Houston Branch Office

Arandresa Mamlatdarna, auditor

Carol Darby

North Carolina Branch

Beverly Swain, auditor

Pratt & Whitney R/O

Charles VanNeste, auditor

Leon Carlos

Texas Instruments R/O

Pamela German, auditor

D'Wayne Priestly, auditor

Promotions

Atlanta Branch Office

Jerry Lambert, auditor

Kang Lee, auditor

Atlanta Regional Office

Sharon Hardy, clerical assistant

Bell Helicopter R/O

Diane Lindsey, auditor

General Dynamics

Homer Johnson, auditor

Gulf Cost Branch Office

Charles Stuart, auditor

Norma Hinton, auditor

Houston Branch Office

Mary Icel, auditor

Huntsville Branch Office

Charles Lietch, supervisory auditor

Lockheed—GA Resident Office

Ronnie Temples, supervisory auditor

Carolyn Patton, auditor

Orlando Branch Office

William Hogan, supervisory auditor

Pratt & Whitney R/O

Robert Eldridge, auditor

Richardson Branch Office

Terry Harkleroad, auditor

Texas Instruments R/O

Randall Lovett, auditor

Losses

Texas Instruments R/O

Melanie Magruder, clerk/typing

Thomas Walton, auditor

BOSTON

Accessions

G. E. Lynn RO

Maureen Landrigan

Michael Pelgrin

Grumman RO

Christina McGuckin

GTE/Sylvania RO

Norma Anderson

Pratt & Whitney RO

Theresa Hurtado

Raytheon-ED RO

Robert Corso

Sharon Price

Sanders RO

Carol Pitts

Schenectady BO

Eugene Norton

Sikorsky RO

Diane Clementson

Losses

Boston RO

Anne Kelley

GTE/Sylvania RO

Thomas Moylan

Promotions

Bath Iron Works

Raymond Daigle

Boston BO

James Harrington

Anne McClellan

Bridgeport BO

Cynthia Fessel

Farmingdale BO

Rose DiGuseppi

GD/Electric BOAT RO

Kenneth Saccoccia

Long Island BO

Anwar Moursi

Pratt & Whitney RO

Anne Farrelly

John Sirick

Thaddeus Verchinski

Raytheon—MSD RO

Ethel Tunnel

Norman Cote

Linda Harvey

Michael Weisz

Mildred Kelley

Claire Costello

Robert Saindon

Barbara Morris

Patricia Jackson

Cecile Spiller

ROAT

Francis Haynes

Waltham BO

Lisa Peck

Reassignments

Rose DiGuseppi to Farmingdale BO

Frank Toohey to Waltham BO

William O'Dea to GD/Electric BOAT RO

John Treano to DCAI

Joseph Fredricks to Philadelphia Region

Jesse Baldwin to San Francisco Region

William Boutwell to Atlanta Region

Do you find it hard to squirrel away money? If so, try the easy, automatic Payroll Savings Plan for U.S. Savings Bonds. An amount you specify is set aside from each paycheck to buy market-based rate Savings Bonds. It's the painless way to save. If you want more than peanuts, squirrel away your money in Savings Bonds.



UNIVERSITY OF FLORIDA



3 1262 09304 8394

FLARE